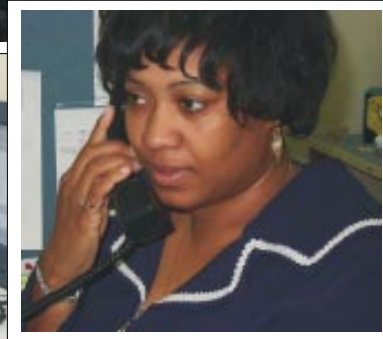


# *Powerful Human Connections...*

2002 Annual Report



*Wake Electric*  
Membership Corporation

Your Local Touchstone Energy® Cooperative



***“The restoration procedure followed by Wake Electric during major outage events is structured to restore service to as many consumers as possible as soon as possible.”***

***—Jim Mangum, General Manager***

## ***Outage Restoration Process Explained***

The December 2002 ice storm was the worst system emergency we've had since Hurricane Fran in 1996.

The electric system sustained more than \$1.7 million in damages, and consumers were without service, on average, of about 30 hours.

Of course, others were out longer, depending on the exact location and amount of damage.

The restoration procedure followed by Wake Electric during major outage events is structured to restore service to as many consumers as possible as soon as possible.

In most cases, that means working on the main lines first. If your home is served by a smaller line that is damaged and can be isolated, that repair will usually not be made on the first repair pass, and this can be very frustrating for members.

After waiting for crews to arrive, it's difficult to see them work the main lines and move on, restoring service to most of your neighbors but leaving you without service—it's difficult, we know, but it's necessary for crews to work this way.

At this point in the outage, for example, the crew might take an hour to restore your service where the same hour spent on the main line might restore service to hundreds of consumers.

During the early stages of a major storm, supervisors are assigned substation areas and distribution circuits.

They will report in to advise our dispatch center when sections of line are repaired and restored, but the process is not generally directed job-by-job by the dispatcher.

Supervisors in the field determine the order of repair work. Their goal is to restore to the maximum number of consumers as soon as possible.

We generally meet with the supervisors at the beginning and ending of each day to plan our general strategy and reallocate resources as needed.

During the early stages of a major outage, attempting to determine when electric service will be restored to a specific location is very difficult.

Even if we have an estimate for a particular area, specific problems may affect an individual member's service restoration. We can guess, but we really don't know because of all of the factors involved.

The need for consumers to continue to call in their outage reports, especially

once the Co-op has made significant progress in restoring power, is even more important at the later stages of the outage.

Even if you have called 10 times in the early stages of the outage when the whole area was without service, we need to hear from you again later on if you are still without power.

We do ask you to use the automated outage reporting system, if possible. This keeps the other lines open for callers who have specific information concerning the outage.

Anytime there is an extended power outage, the issue of putting power lines underground to help make restoration efforts

faster always comes up.

Each year more than 95% of new power line construction is underground, primarily in new subdivisions.

Over the years, we have greatly increased the amount of underground lines.

Currently, about one fourth—or more than 580 miles—of our distribution system is underground.

While underground lines can have other maintenance issues, they are relatively unaffected by wind and ice storms.

Unfortunately, much of the existing overhead system cannot be replaced economically with underground lines.

Another issue discussed after a major outage is tree trimming. One of the best ways to reduce damage, and limit outages, to the electric system during major storms is to maintain an adequate right-of-way. This is a high priority for Wake Electric. With more than 1,850 miles of overhead lines, right-of-way maintenance costs more than \$1 million each year.

*Jim Mangum*



*Workers came from unaffected co-ops, contractors and tree companies to help Wake Electric employees restore power following the ice storm. Food and lodging had to be ready for the workers.*

# WAKE ELECTRIC STRIVES TO BE GOOD CORPORATE CITIZEN

Probably the most memorable event of the past year was the December ice storm. Restoration of service was a tremendous undertaking—especially with a vast majority of members left without service for an extended period of time.

We're grateful to the

employees who worked long hours in extreme conditions to bring the lights back on.

Many of these employees did not have power in their own homes, and after working long hours, went home to try to cold homes to try to get a little rest before returning to work another 16- to 18-hour day.

We applaud their dedication.

Providing reliable electric service has always been the primary

objective of Wake Electric.

But, the Cooperative is also aware of its responsibility to be a good corporate citizen, helping to improve the quality of life in our communities.

Last year was the first full year of donations to

the Wake Electric Care Foundation, where

members allow the Cooperative to round up their power bills to the next dollar with the extra change going to the Foundation.

The money is used to help community-based programs like local volunteer rescue squads and fire departments purchase equipment they may not otherwise be able to fund. Money is also available to fellow Wake Electric members who are in crisis situations.

Additional money has gone to expand the Cooperative's participa-

tion in the Bright Ideas Grant Program. This is one of the most visible programs funded through the Foundation.

Together with money from our Statewide organization, the program awarded a record \$50,000 in grants to local educators who have innovative teaching projects.

The Cooperative has also funded student scholarships to the tune of \$40,500 since 1986.

Another way Wake Electric is encouraging

and recognizing area students for academic achievement is the Give Us an "A" Program.

In the last seven years the Cooperative has awarded \$50 U.S. Savings Bonds to 350 students.

Wake Electric is proud to be an active partner in the communities in which we provide power.

With your continued support, we as a Cooperative, can continue to work for and with our communities.

## PRESIDENT'S REPORT

—Roy Ed Jones, Jr.

*The December 2002 ice storm wreaked havoc on power lines, leaving some consumers without electricity for several days.*



# CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31

...2002

...2001

## Assets

Utility Plant		
Property, Plant & Equipment	\$112,603,945	\$104,280,245
Less: Accumulated Depreciation	(18,998,033)	(17,401,054)
Net Plant	93,605,912	86,879,191
Construction Work in Progress	<u>2,022,545</u>	<u>4,302,564</u>
<b>Total Utility Plant</b>	<b>\$95,628,457</b>	<b>\$91,181,755</b>

## Other Assets

Investments in Associated Organizations	\$ 3,791,534	\$3,549,772
Other Investments	2,697,842	1,889,445
Nonutility Plant	<u>65,907</u>	<u>72,054</u>
<b>Total Other Assets</b>	<b>\$6,555,283</b>	<b>5,511,271</b>

## Current Assets & Deferred Charges

Cash Equivalents	\$ 1,155,114	\$ 502,950
Accounts Receivable	7,927,460	5,403,841
Other Current Assets	1,632,789	2,105,253
Deferred Charges	<u>717,027</u>	<u>802,759</u>

**Total Current Assets & Deferred Charges** \$11,432,390 8,814,803

**Total Assets** \$113,616,130 \$105,507,829

## Equities & Liabilities

Equities		
Membership Fees	\$ 105,685	\$ 101,150
Patronage Capital	25,456,405	23,750,495
Other Equities	<u>712,096</u>	<u>557,444</u>
<b>Total Equities</b>	<b>\$26,274,186</b>	<b>\$24,409,089</b>

**Total Long-Term Debt** \$77,698,240 \$71,924,659

**Other Long-Term Liabilities** 731,659 814,101

## Current Liabilities

Current Portion of Long-Term Debt	\$ 466,192	\$ 311,704
Accounts Payable	6,485,297	5,938,305
Other Accrued Liabilities	1,009,920	1,306,436
Consumer Deposits	<u>950,636</u>	<u>803,535</u>
<b>Total Current Liabilities</b>	<b>\$8,912,045</b>	<b>\$8,359,980</b>

**Total Equities & Liabilities** \$113,616,130 \$105,507,829

*Wake EMC's financial records were audited by McNair, McLemore, Middlebrooks & Co., LLP, of Macon, Georgia. The reports for the fiscal years ending December 31, 2002 and 2001, are available at the Cooperative's office in Wake Forest, NC.*

# CONSOLIDATED STATEMENT OF OPERATIONS

AS OF DECEMBER 31

...2002

...2001

<b>Operating Revenue</b>	\$42,382,631	\$37,752,393
<b>Operating Expenses</b>		
Cost of Purchased Power	21,362,721	18,945,892
Operations & Maintenance	5,293,240	4,604,691
Consumer Accounting Expense	2,462,848	1,866,298
Consumer Service & Information Expense	297,816	301,645
Administrative & General Expense	2,568,540	2,819,807
Depreciation	3,074,323	2,687,745
Taxes	1,775,037	2,059,382
<b>Total Operating Expense</b>	<b>\$36,834,525</b>	<b>\$33,285,460</b>
<b>Other Income/Expenses</b>		
Interest Income	111,425	\$ 81,254
Interest Expense on Debt	(3,720,395)	(3,878,004)
Patronage Capital from Other Cooperatives	384,497	568,029
Other Income/Expenses	58,940	35,022
<b>Total Other Income/Expenses</b>	<b>(\$3,165,533)</b>	<b>(3,193,699)</b>
<b>Net Margins</b>	<b>\$2,382,573</b>	<b>\$1,273,234</b>

## How Your Co-op Dollar Was Spent in 2002



### REPORT RATIOS

<b>Period Ending: December 31</b>	<b>...2002</b>	<b>...1997</b>
Number of Consumers	24,705	18,908
Residential Consumers	23,305	17,754
Avg. Monthly kWh/Residential Member	1,242	1,099
<b>Period: January 1—December 31</b>	<b>...2002</b>	<b>...1997</b>
Residential kWh Sales	342,218,850	228,863,341
Total kWh Sales	449,241,371	315,258,112



# Area growth continues to necessitate upgrades to electric plant system

Wake Electric continues to be one of the fastest growing in the country.

The Research Triangle Park, our state's capital and local businesses continue to bring new families and businesses to our service area.

Wake Electric is committed to providing reliable electric service to our new neighbors and continuing to provide good service to our existing members.

In 2002, Wake Electric invested nearly six million dollars in new poles, lines, transformers, underground lines and meters.

The net utility plant investment is now greater than 95.5 million dollars.

We began the upgrade of our mapping system to better track

our electric system and its expansion.

In 2002, Wake Electric built over 1,300 new services to homes and businesses. We added 64 miles of underground and 2 miles of overhead lines to serve new consumers.

We also upgraded the overhead lines in many parts of our system. We installed a larger conductor to provide more capacity to our distribution system and we relocated lines to improve access for inspections and repair.

In the northern portion of our system in Granville and Vance counties, upgrades were made to our lines along Chewning and Briggs roads.

In the central portion of our system, lines were upgraded in Franklin



**Dispatching is centralized during a major outage to maximize efficiency and restore service faster.**

County on Bob Richards and Green Roads.

Projects in Wake County included portions of NC 98, Jones Dairy, Chalk, Forestville, Ligon Mill and Mitchell Mill roads.

In the southern portion

of our system in Johnston, Nash and southern

Wake counties we rebuilt lines along NC 39, NC 96, Earpsboro, Chamberlee, Wilder, Friendship Church Driver, Taylor's Mill and Old Raleigh—Wilson roads.

Our new Wake Electric Youngsville facility, which we completed in 2001, was put to the test when we experienced a major ice storm in early December 2002.

The facility's kitchen, showers, meeting areas and expanded warehouse space were fully used during our storm restoration efforts.

We used our new dispatch facility to coordinate the 300 people working in the field to restore your power.

The reliability of an electric system comes

from the efforts of many people. Wake Electric believes in maintaining the electric system.

In 2002, our rights of way maintenance budget was over one million dollars.

Those efforts help reduce the damage to our lines caused by trees and help keep access to the lines to make repairs and do normal maintenance to the system.

We conduct line and station inspections to be sure the system remains in good working order.

Each year we inspect and test poles, meters and equipment and make needed repairs and replacements.

Wake Electric uses area community colleges, in-house training and other schools and classes to continue the development of our employees.

A well-designed and maintained electric system is extremely important in delivering reliable electric service.

But, our dedicated employees are our biggest and most important assets.

## ENGINEERING & OPERATIONS

**Co-ops nationwide build their electric systems the same way, which makes it safer for their employees to help out during major outages.**



# CONSUMER SERVICES DESIGNED TO MEET MEMBERS' EXPECTATIONS

For almost any type of business, old-fashioned values coupled with high tech service makes a winning combination.

It's that combination that Wake Electric strives for in its everyday operations.

Since its beginning more than 60 years ago, Wake Electric has worked to provide related services which members requested.

In the early years, the Cooperative sold appliances such as stoves and refrigerators.

Home economists and power use advisors were hired to help members learn how to use these appliances more effectively and efficiently.

As these type of services became more common in the marketplace, Wake Electric looked for other related services to offer members.

Gold Medallion Homes were products of the '50s and '60s.

With the energy crisis of the early '70s came home energy auditors to help members conserve electricity.

The Cooperative is still working to bring consumers related programs and products which complement the core business of providing electricity.

Home energy audits and HVAC inspections by qualified Energy Specialists are available to Wake Electric consumers.

As technology has improved, the need for additional products such as power quality equipment (i.e., surge suppressors) and portable standby generators has increased—and Wake Electric has offered these for sale to consumers.

When the technology became available for consumers to check their accounts and pay their bills

## CONSUMER SERVICES



**Wake Electric's Call Center employees are available to answer calls around the clock in the event of a major outage.**

through the Internet, the Cooperative made these options available.

Through the Cooperative and its subsidiary, Triangle Services Group, Inc., consumers have access to a number of products and services.

These include electrical wiring and repair services, HVAC service, standby generators, home security systems and PowerGuard surge suppressors.

The Internet service through *touchnc.net* was expanded to include more local phone access and improved service.

Wake Electric also offers the following:

- Bank draft bill payments
- Handi-Pay for electric service payments (These may be either in "equalized" payments or in "levelized," payments which represent a running 12-month average bill.)
- Automated outage

reporting system

- Automated account information system

For consumer convenience, the Cooperative has extended office telephone hours between 7 a.m. and 9 p.m., Monday through Friday, as well as 24-hour emergency dispatch service.

The Call Center is staffed with experienced employees to respond to consumers' requests.

The Cooperative also is committed to helping improve our communities through contributions to the schools.

During 2002, the Bright Ideas Grant Program awarded nearly \$30,000 for 26 grants to area teachers.

Wake Electric also gave \$5,000 in scholarships to local students, and another 80 students each received a \$50 U.S. Savings Bonds in the "Give Us an 'A' Program."



**Wake's subsidiary, Triangle Services Group, Inc., offers a variety of services, including HVAC installation, service and repair.**

# Wake Electric Expresses Gratitude

The early December ice storm left many of you without power for an extended time. Wake Electric knows this was an inconvenience to everyone waiting to have electricity restored. We greatly appreciate your patience and understanding as we worked around the clock to repair your service.

We also thank the following people who left their families to assist us in our restoration effort—a true measure of the power of human connections.

## Rappahannock Electric Co-op

Wilford Hughes  
Monroe Ratcliff  
Kevin Pories  
Chris McGowan  
Raymond Taylor  
David Smith  
Joe Connelly  
Jeff Colvin  
Bobby Rutherford  
Chuck Tippet  
John Hicks  
Marcus Kulynych  
Thomas Houck  
Travis Heffler  
Roger Wright, Jr.  
Tom Napier  
Jimmy Farmer

## Shenandoah Valley Electric

Tony Dean  
Richard Hill  
Gregory Moyers  
Terry Eye  
Josh Hedrick  
Johathan Swartz

## Mastec

Donald Lilly  
Van Lilly  
Paul Baker  
David Smith  
Mike Maldonado  
Sammy Lilly  
Jack Bennett  
Ronnie Wiggins Jr.  
Denver Locke  
Ricky Winchester  
Mike Lupton  
Gary Yarboro  
Mike Ivery  
James Creech  
Oscar Cabaira

## Mid-Carolina Electric Co-op

Terry Shull  
Steven Cartin  
Brian Williamson  
Jim Corley  
Dennis Ricard  
Robbie Ricard  
David Dawkins  
Eric Price

## Walton EMC

Keith Kirk  
David Patrick  
Ronnie Browning  
Paul Mauldin  
Brad Adcock  
Lee Chandler  
Kevin Underwood  
Wesley Peyton  
Usher Malcom  
Lee Farmer  
Randall Pruitt  
Greg Pannell

## Central EMC

Billy Hare  
Joseph Stoker  
Dale Jessup  
Joseph Pratt  
Kenneth Thomas  
Harris Morrison

## Jordan Tree Service

Gene Goff  
Glenn Walston  
Timothy Green  
Jacob Cranmer  
Michael Walston  
Jerry Jordan  
Tim Nichols

## Lee Electric

Tony Cummings  
Anthony Cummings  
Phil Pierce  
Harold Jacobs  
Israel Harold  
Oxendine  
Dennis Wilson  
Linwood  
Shackleford  
Freddie Johnson Jr.

James Hrubik  
Ronnie Fulford  
Trent Phelps  
Andrew Grant  
Jimmy Aycock  
Charles Browe  
Rusty Shepherd III  
Jeremy Wilson  
John Phrubik  
Billy Ray  
Stephenson  
Sammie Dean Porter

David Carroll  
Jonathan Dukie  
Lawrence Shupp  
Steve Sampson  
David McDowell  
Steve Bullard  
Tryon Jacobs  
Joe Locklear  
Horace Bullard  
Clement Locklear  
Glenn Locklear  
Rodrick Locklear  
Ronald Locklear  
Terry Locklear

## RiverCity

Ronnie Wiggins  
Brandon Smith  
Sean Christman  
Travis Sanderson  
Trevor Fawcett

## Blue Ridge EMC

Harold Huffman  
Jeff Benfield  
Tim Jones  
Keith Hensley  
Kevin Norris  
Patrick Hayes  
Tim Council  
Richard Butler  
Donnie Spencer  
Matthew Lawson  
Keith Carson

## Pee Dee EMC

Chris Parker  
Travis Stilwell  
Jeff Poplin  
Phillip Morgan  
Scott Jason McGee  
Matt Haywood  
Brad Billingsley  
George Franklin  
McIntyre  
Billy Saultz  
Jack Horne Sr.  
Sheldon Howlett  
Rayme Mudd

## Coastal Power

Harry Lee  
Tim Presley  
David Brehmer  
Ronald Eddie Baker  
Brian Keith  
McPherson  
Elwood Allen Norris  
Harry Hammonds

## Lewis Tree

Bradley Baker  
Roy Reviara  
Larry Smith  
Jeff Honeycutt  
Gary Farrar  
Gedro Byod

## Lewis Tree, cont.

Garland Redd  
Willie Oliver  
Wayne Marable  
Bobby Marable  
Orell Hammonds  
Richard Britt  
William Ivey  
A. M. Baxley  
Wayne Kearnes  
E. Steve Pittman  
Raymond Clark  
Robert Pittman  
Steve Walters  
Billy Locklear  
Mark Locklear  
Raymond White  
Donnie Locklear  
Ricky Butler

## Asplundh

Roger Satterfield  
Ed McCloy Jr.  
Clarence Cottrill  
Sean Barnhart  
Joseph Cox  
Harlan Wyers  
Billy Tanner  
Teddy Legg  
William Conley  
Richard Gibson  
Edward McDonald  
Anthony Minks  
William Miller  
Anthony Thomas  
Dave Shingleton  
Tim Andry  
Donald Nelson  
Kevin McFarlan  
Daniel Warner  
George Bachert  
Ernest Bland  
Bobby Smith  
Jeffrey Fox  
Robert Stahl III

## Asplundh, cont.

William Hammond  
Charles E. Jones Jr.  
Steve Shank  
Alano Peterson  
James Shank  
Jeremy Foulk  
Kenny Adkins  
Charles Banner  
Travis Carr  
Craig Brown  
Jim Smith  
Jerry Sadler

## Sumter Utilities

Jonathan Perry  
Brian Crane  
Wesley Gallahan  
Kevin Oswald  
Thomas Abil  
Clinton Ratliff  
John Ward  
Ray Osborne Sr.  
Gregory Mount  
Barney Crosby  
Leroy Hamilton  
Ronnie Watts  
Stanley Smoak  
Richard Szermeta  
Darius Davis  
Jimmy Roberson  
Todd Feagin  
Larry Porter  
Dustin Owens  
E. Bradley  
McKenzie  
Bradley Sylvia  
Bernard Newton Jr.  
James Thomas Jr.  
Kenneth Seals  
Christopher Thomas  
Michael Neece  
Danny Weaver Jr.



# Wake Electric Membership Corporation

**Wake Forest—Downtown**  
414 East Wait Avenue

**Louisburg**  
216 North Bickett Boulevard

**Oxford**  
104 Granville Corners

**Wake Forest**  
Market at Wake Forest

**Zebulon**  
901 North Arendell Avenue

800.474.6300  
www.wemc.com

Your Local Touchstone Energy® Cooperative

